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State Department review completed

10 August 1954

NSC BRIEFING

INDOCHINA SITUATION

I. Increasing evidence that Viet Minh will have all but formal control in "retained-Vietnam" long before scheduled elections.

A. Lack competition in popular appeal, or forthright control between highly-organized, confident Viet Minh and inexperienced Dien government shown by French opinion sample in Saigon:

1. In one long-established print-shop, all but 10 of 250 good-salaried employees would unhesitatingly vote for Ho, as "national hero."

B. Aside from any question genuine popularity, Viet Minh taking direct action.

1. Reportedly setting up shadow governments in southern villages; boasting they will be in Saigon in six months.

Dien government, in trying to win support, faced with almost insuperable tasks.

1. Foreign minister told our ambassador his main task at present to gain support of warlord groups in Cochinchina. But warlords standing pat.

2. Nationalists want to dump Bao Dai, as liability, but Dien reluctant, since might raise question his government's legitimacy.

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D. French official in Saigon summarizes Dien's probable future: "courageous, virtuous and rapid collapse."

II. French appear not at all displeased by this prospect.

A. French policy get most possible out of Indochina, (US aid, commercial assets); give up minimum-- apparently unchanged.

B. French army is sole basis stability in south: threat to withdraw gives them whip-hand over any Vietnam government.

C. French may be flirting with possibility continued "presence" even under Viet Minh.

1. French businessmen in Tonkin confident they can continue there.

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